



MKG | **Financial
Group, Inc.**
An Investment Firm
Member FINRA, SIPC

This Brochure provides information about the qualifications and business practices of MKG Financial Group, Inc. If you have questions about the contents of this Brochure, please contact us at (503) 226-6700 or Info@MKGFinancial.com.

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about MKG Financial Group, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov (see MKG Capital Advisors).

The terms "registered" and "registered investment adviser" appear throughout this brochure. Registration does not imply a certain level of skill or training.

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Item 2 – Material Changes

On July 28, 2010, the SEC published Release No. IA-3060, “Amendments to Form ADV,” which significantly changed the form and content of the Brochure. As a result, this Brochure’s format is materially different from the disclosure document previously made available to MKG Financial Group, Inc.’s advisory clients. This Brochure has been drafted in accordance with the new format mandated by the SEC.

In the future, this Item 2 will include the date of the Brochure’s last annual/interim update and a summary of specific material changes that have been made to the Brochure since the time of that update.

Form ADV Part 2A Brochure

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Item 4 – Advisory Business

MKG Financial Group, Inc. (“MKG”) is a broker-dealer that exercises investment discretion over the assets of its brokerage clients. MKG is also registered as an investment adviser (through its division MKG Capital Advisors) and a broker-dealer with the SEC. MKG Capital Advisors generally manages investment advisory accounts on a discretionary basis. MKG also is a member of the Financial Industry

Regulatory Authority ("FINRA"), the Municipal Securities Rulemaking Board ("MSRB") and the Securities Investor Protection Corporation ("SIPC"). MKG was founded in 1999 and currently has approximately eight employees working in MKG's Portland and Bend, Oregon offices. As of February 28, 2011, MKG had approximately \$30,400,000 in assets under management. MKG's clients may include individuals, pension/profit-sharing plans, Taft-Hartley plans, trusts, estates and charitable organizations.

Principal Ownership

MKG's sole owner is Mark K. Gaskill. Mr. Gaskill is also the Chief Executive Officer, Chief Investment Officer, President and Director of MKG. Mr. Gaskill, born in 1952, received his Bachelor of Arts degree in Business Finance and Economics from the University of Oregon and has been providing investment and brokerage advice to clients since 1977, working for both regional and large Wall Street firms. Mr. Gaskill is also the President and Chief Investment Officer of MKG Capital Advisors.

Advisory Services

MKG is a discretionary investment manager specializing in domestic (U.S.) small- to mid- capitalization strategies for its clients. MKG is research oriented, and utilizes both technical and fundamental analysis for the selection of equity investments. See Item 8 for a complete discussion of MKG's investment strategy and methods of analysis.

Management Authority

MKG recognizes that each of its clients is unique and that their investment needs will vary. As such, MKG allows its clients to choose one of the following three categories of management authority in which MKG may modify its investment strategies, as necessary, to meet a client's goals.

Discretionary Brokerage Clients

MKG's brokerage accounts over which it has discretionary authority are referred to in this Brochure as "Discretionary Brokerage Clients." MKG has discretionary authority to make investment decisions on behalf of these clients, consistent with the clients' objectives and suitability, without the clients' prior approval of specific transactions. MKG's discretionary authority is subject to reasonable limitations imposed by clients (e.g., a request to invest or not to invest in a particular security or industry). With respect to these clients, MKG's discretionary authority is limited to selecting securities for such clients, determining the amount of securities to be added to or removed from client portfolios, and affecting such securities transactions. MKG anticipates that it will affect all transactions for such clients as broker and will charge commissions and a ticket charge. These charges are discussed in Item 5; Item 12 discusses MKG's brokerage practices.

MKG Capital Advisors Clients

MKG Capital Advisors provides traditional, discretionary portfolio management for certain clients which are referred to in this Brochure as "MKG Capital Advisors Clients". All such clients pay an asset-based fee. If these clients choose MKG as their broker-dealer, they also pay commissions and a ticket charge to MKG. These charges are discussed in Item 5; Item 12 discusses MKG's brokerage practices.

Regular Brokerage Accounts

MKG may also open regular brokerage accounts in which clients approve all transactions before they are executed by MKG. These clients are referred to in this Brochure as "Regular Brokerage Clients". MKG has no discretionary authority with respect to these clients, and, therefore, such clients are not considered advisory clients under the SEC's rules. MKG affects all transactions for such clients as broker and such clients pay commissions only.

Client Restrictions

At the commencement of a client relationship, each client of MKG shall execute an Investment Advisory/Brokerage Agreement, wherein the client provides instructions to MKG concerning the client's investment objectives and any investment restrictions applicable to the client's account. MKG will review the requested objectives and restrictions and work with the client as needed to refine these objectives and restrictions to both meet the client's needs and provide MKG with sufficient discretion to properly invest client assets.

Assets under Management

As of February 28, 2011, MKG's client assets under management ("AUM") total \$30,400,000. Of this amount, \$26,500,000 is managed by MKG on a discretionary basis and \$3,900,000 is managed by MKG on a non-discretionary basis. Please see MKG's Form ADV Part 1A – Item 5. F. - on the SEC's website at www.adviserinfo.sec.gov - for more information.

Item 5 – Fees and Compensation

Asset-Based Fees vs. Commission-Only Fees

New clients of MKG that have less than \$250,000 of assets to place under MKG's management will become Discretionary Brokerage Clients that pay commissions and a ticket charge for each transaction (and no asset-based fee) as described below. Although MKG does not anticipate allowing clients with assets of less than \$250,000 under management to choose between an asset-based fee and a commission-only arrangement, it is possible that MKG might permit such a choice under unusual circumstances.

New clients of MKG that have at least \$250,000 of assets under MKG's discretionary management may decide whether they wish to pay MKG an asset-based fee or to pay commissions only. If a client chooses to pay an asset-based fee, the client will become an MKG Capital Advisors Client; if the client also selects MKG as its broker, the client will pay commissions of \$.05 per share and a ticket charge for each transaction executed by MKG, as discussed below.

The total of all commissions charged to a Discretionary Brokerage client could be more or less than the total asset-based fees and commissions charged to MKG Capital Advisors Client, depending on the size of the account and the number and size of transactions during the period being considered. As a general rule, fewer transactions occur in weak markets and more transactions occur in strong markets. There is no way to know in advance which compensation structure will be more economical to a particular client during a particular period of time because commissions vary with the size and type of trade while fees vary with the size of an account.

Clients should carefully consider which type of payment is the most appropriate for them. MKG will discuss the factors involved in this decision with each new client including the conflict of interest that may be present with Discretionary Brokerage Clients due to the fact that MKG may have an incentive to base investment recommendations on the amount of compensation it will receive from the sale of securities (i.e., commissions), rather than on the client's best interest.

Commission Charges - Discretionary and Regular Brokerage Clients

As compensation for the services MKG provides to its Discretionary and Regular Brokerage Clients, each such client pays MKG a brokerage commission and a ticket charge for each transaction affected. These clients do not pay MKG any asset-based fees.

Commissions are determined by a formula that takes various factors into account, including the number of shares being purchased or sold, and the price for each share. Under MKG's standard commission sche-

dule, as account values increase, commission charges generally decrease as a percentage of the account value. This occurs because the size of each transaction generally increases as the size of the account increases. An exception to this general rule would be a small transaction, even in a large account, since commission charges are based on the size of the transaction and not the size of the underlying account. This may occur, for example, when adding a small position to a large account, or adding additional securities to an existing position in the account.

MKG routinely discounts commissions in the following situations: (a) no commissions are charged to small ancillary accounts under \$20,000 in asset size; (b) commissions on odd-lot transactions (purchases or sales of less than 100 shares) are discounted 50% from the standard commission schedule; (c) when a client-initiated withdrawal requires unplanned securities liquidations; (d) to mitigate small losses when liquidating positions after a very short holding period; (e) when securities in a new client's portfolio are liquidated to enable MKG to invest account assets in accordance with MKG's investment style; and (f) no commissions are charged on MKG's employees' personal and related accounts. In addition, MKG's commission schedule may be negotiable under certain circumstances. Commissions occasionally may be discounted for certain clients when deemed appropriate and advantageous for MKG. This could include, without limitation, when a discount enables MKG to attract and retain client relationships that will enhance the long-term financial stability of MKG. The negotiated commission fees for a particular client will be maintained for the period of time mutually determined by the client and MKG.

As indicated above, MKG does not charge a separate asset based fee to Discretionary or Regular Brokerage Clients, and such clients are not subject to any minimum amount of commissions in any period. See "Fixed and Hourly Fees" below for a discussion of certain additional hourly charges that a Discretionary Brokerage Client may agree to pay to MKG for additional services provided by MKG.

Asset-Based Fees and Fixed Commission Charges - MKG Capital Advisors Clients

MKG Capital Advisors Clients pay MKG Capital Advisors an asset-based fee quarterly in advance as compensation for the discretionary or nondiscretionary services provided to them. As of the date of this Brochure, MKG Capital Advisors' standard fee schedules for equity accounts are as follows:

Traditional Managed Accounts – Asset Based Fee Schedule

Minimum Account Size: \$250,000 Minimum Annual Fee: \$6,250

<u>Account Size</u>	<u>Annual Fee</u>
First \$500,000	2.500%
Next \$500,000	1.875%
\$1,000,000 and above	1.250%

Sub Advisory Relationships Accounts – Asset Based Fee Schedule

Minimum Account Size: \$100,000 Minimum Annual Fee: \$2,500

<u>Account Size</u>	<u>Annual Fee</u>
First \$500,000	1.500%
Next \$500,000	1.250%
\$1,000,000 and above	1.000%

Institutional Relationships Accounts – Asset Based Fee Schedule

Minimum Account Size: \$500,000

Minimum Annual Fee: \$6,250

<u>Account Size</u>	<u>Annual Fee</u>
First \$1,000,000	1.250%
Next \$4 Million	1.000%
Next \$15 Million	0.850%
Over \$20 Million	Negotiable

MKG's asset-based fee schedule is negotiable under certain circumstances, depending on the size of a client's account(s), the complexity of the account(s), the number of anticipated meetings with the client, any additional monitoring or reports required and any other factors MKG Capital Advisors deems relevant. Any such modification is determined on a case-by-case basis. The fee that is applicable to a particular MKG Capital Advisors Client may be amended from time to time by MKG Capital Advisors on 30 days prior written notice to such client. MKG Capital Advisors reserves the right to discount or waive the asset-based fee for the cash portion of an account (with respect to accounts invested in either equities or fixed-income securities). MKG may combine certain related client accounts for the purpose of determining the asset-based fee to be assessed on the related accounts.

Calculation, Timing and Payment of Fees

MKG generally relies on prices provided by third-party pricing services, custodians, or broker/dealers for purposes of valuing portfolio securities held in client accounts when calculating its advisory fees. Asset-based fees are paid quarterly, in advance, based on the market value of the account on the last trading day of the previous quarter. Fees for partial quarters at the commencement or termination of an agreement are prorated based on the number of days the account is open during the quarter. If an agreement is terminated, a pro rata refund will be paid shortly after the conclusion of the 30-day notice period. Adjustments of fees for additional assets placed in an account during a quarter or for partial withdrawals will also be made on a pro rata basis.

Asset-based fees are generally paid directly from the accounts of the MKG Capital Advisors Clients. MKG Capital Advisors may liquidate client securities in an account if there is insufficient cash in the account to pay the fees. With the consent of MKG Capital Advisors, fees may be invoiced to an MKG Capital Advisors Client rather than being paid from the client's account.

Fixed Commission Rate

MKG Capital Advisors generally recommends that its clients use the brokerage services of MKG. If a client selects MKG as its broker, the client will pay commissions of \$.05 per share in addition to the asset based fee discussed above. The \$.05 per share commission is rarely discounted or waived. However, the commission may be waived if an MKG Capital Advisors Client has less than \$20,000 in its account when a particular trade is executed (e.g., when the account is being opened or closed). The \$.05 per share commission also may, under unusual circumstances, be negotiated or waived for certain clients or for certain transactions for a period of time when MKG deems it appropriate.

Each MKG Capital Advisors Client may choose another brokerage firm, subject to the reasonable approval of MKG (such as, MKG being able to develop a satisfactory working relationship with the brokerage firm). Selecting a brokerage firm other than MKG may result in higher or lower commissions and/or more or less favorable execution on some transactions than MKG would provide. By selecting a "discount brokerage," the client may be able to obtain a more favorable execution cost.

Fixed Income Securities

MKG generally does not charge its asset-based fee on fixed-income securities held by MKG Capital Advisors Clients, but instead only charges commissions on fixed-income transactions in the account(s). However, if an MKG Capital Advisors Client has a significant portion of its assets in fixed-income securities and if such client has selected a brokerage firm other than MKG, MKG generally will negotiate a lower asset-based fee for that client, and that fee will apply to all assets in the account(s), including the fixed-income securities.

Fixed and Hourly Fees

MKG Capital Advisors, from time to time, charges MKG Capital Advisors Clients a fixed fee for advisory services. It is expected that any fixed fees would be just a portion of the total fees charged. For example, MKG Capital Advisors may charge a 401(k) client a management fee calculated as a percentage of assets, plus a small annual fixed fee for each plan participant. MKG Capital Advisors may charge an hourly fee based on a rate of \$175 per hour for requested investment advice outside the normal services provided to MKG Capital Advisors Clients or Discretionary Brokerage Clients (such as, for developing a formal financial plan for a client). Such fees will be negotiated in advance of any service and documented in a letter or agreement with the client.

Additional Fees and Expenses Payable by Clients

MKG's Ticket Charge

Clients whose trades are executed by MKG also pay a fee (“ticket charge”) for each transaction executed. For the last several years, and as of the date of this Brochure, MKG's ticket charge has been \$12.50 per transaction. When an order is aggregated, each account participating in the aggregated transaction pays a ticket charge. The ticket charge is designed to cover the expenses that MKG's clearing broker charges MKG for providing execution and custodial services for MKG's clients who are using MKG as their broker. Depending on the number of transactions affected for clients, and the amount of expenses charged to MKG by the clearing broker, the ticket charges could result in a profit or loss to MKG.

In addition to fees, brokerage commissions and ticket charges, MKG Capital Advisors Clients may pay fees of sub advisors and outside investment managers (if any), stock transfer fees and other similar charges incurred in connection with transactions, out of the assets of their account. Investment activity may also involve additional transaction fees payable by clients, such as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, clients may incur certain charges imposed by custodians, broker/dealers, third-party investment consultants, and other third parties, such as custodial fees, consulting fees, administrative fees, and transfer agency fees.

Fees for Investments in Third Party Mutual Funds and Other Pooled Investment Vehicles

At times, MKG may invest a client's assets in mutual funds (including money market or similar short-term investment funds) or other pooled investment vehicles sponsored by third parties, such as common trust funds, hedge funds, and/or exchange traded funds. To the extent that a client's assets are invested in other pooled vehicles, the clients will also typically pay management and/or other fees (such as performance fees) to each such mutual fund or other pooled vehicle that are in addition to the fees paid by the client to MKG. Those fees are described in each pooled vehicles' offering documents (e.g., prospectus or offering memorandum). Such charges, fees, and commissions are exclusive of, and in addition to, MKG's fee. MKG may receive portions of these commissions, fees, and costs as described in the relevant offering documents. Specifically, fees for mutual fund investments generally include two types: shareholder fees and annual fund operating expenses.

Shareholder fees may include:

- Sales Loads (paid to a broker/dealer, which may include front end sales loads (fees charged upon purchasing shares) and/or back end sales loads (fees charged upon redeeming shares));
- Redemption fees (paid to the fund upon the sale of mutual fund shares);
- Exchange fees (charged for transferring to another fund within the same fund group); and
- Account fees (account maintenance).

Annual fund operating fees include:

- Management fees (paid to an adviser or its affiliates for managing the fund);
- Distribution and/or service (e.g., 12b-1) fees (for distribution expenses, and shareholder service expenses); and
- Other expenses (such as custodial, legal, accounting, transfer agent, and administrative expenses).

Clients whose assets are invested in mutual funds may pay some or all of the above fees. MKG will evaluate these additional costs to the client as a part of MKG's decision process when considering these types of investments for a client.

A client could invest in a pooled vehicle or retain an outside investment manager directly, without the services of MKG. In that case, the client would not receive the services provided by MKG, which are designed, among other things, to assist the client in determining which, if any, pooled vehicle or outside investment managers are most appropriate to that client's financial condition and objectives. Accordingly, clients should review both the fees charged by the Collective Investments, sub-advisors and/or outside managers, and any fees charged by MKG, to fully understand the total amount of fees to be paid.

Fees for the Sale of Certain Securities

MKG accepts compensation for the sale of securities or other investment products, including commissions or 12b-1 fees from the sale of mutual funds placed in client accounts. Historically, MKG's receipt of such compensation has been nominal. None of MKG's discretionary accounts hold mutual funds since this practice may present a conflict of interest (i.e., there may be an incentive to recommend the mutual fund based on the compensation received, rather than on a client's needs).

Private Placement Investment Fees

MKG will not participate in any placement or solicitation fee with respect to Private Placement Investments (see Item 8 for a discussion of these investments) that are not registered with the SEC. MKG will be compensated on the basis of MKG's asset-based advisory fee, but only if the client agrees that the investment will be reflected in their account. If the investment is reflected in the client's account, it will be included in MKG's asset allocation and performance analyses for the client, but MKG will provide no other advisory services with respect to such investment. The MKG Capital Advisors' fee applicable to any such investment will be calculated on the basis of: (a) the value of the investment, as reported by the manager of the investment; (b) if the value of the investment is not reported by the manager, the value will equal the client's original investment, plus any additional amounts invested by the client, less any capital returned to the client; or (c) such other value as MKG determines in accordance with MKG's applicable valuation procedures.

Item 6 – Performance-Based Fees and Side-by-Side Management

A performance based fee arrangement compensates an asset manager based upon a percentage of net profits generated by the account being managed. Due to the conflict of interest such an arrangement may pose, MKG does not receive performance based fees for its investment management services and does not

engage in “side-by-side” management (i.e. simultaneously managing accounts that pay asset-based and performance-based compensation).

Item 7 – Types of Clients

As of the date of this Brochure, MKG provides portfolio management services to retail individuals and high net worth individuals.

Conditions for Managing Accounts

As noted in Item 5 of this Brochure, MKG generally requires a minimum account size of \$250,000 for MKG Capital Advisors Clients and \$100,000 when MKG acts as a sub adviser to the account. However, the minimum account size is negotiable and may be waived or modified at MKG’s discretion.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

Strategy Overview

MKG is a discretionary asset management firm specializing primarily in small-to-mid-cap equity portfolios. MKG’s investment process utilizes disciplined trend analysis in evaluating domestic and global economic trends, as well as identifying growth trends in industries that are benefiting from current economic conditions. The Investment Team then researches perceived undervalued companies that it believes are most likely to profit from those trends. It is the responsibility of the Chief Investment Officer (“CIO”) to manage the Investment Team and to ensure the investment process is applied in a manner consistent with MKG’s approach to investing.

MKG’s investment style typically results in MKG investing client assets primarily in small-to-mid-cap companies generally defined as those with market capitalization of less than \$15 billion (capitalization is a function of a company’s stock price times the number of shares outstanding). MKG does, at times, hold investments that are outside these parameters.

MKG’s investment process begins with fundamental quantitative and qualitative analysis of economic reports issued by government and industry sources related to the current domestic and global economic environment. Sectors, industries and sub-industries are then evaluated for strengths and weaknesses driven by these economic trends. And finally, individual companies are evaluated and selected based on their ability to benefit from all of these factors.

This “top down” approach strives to identify elements that are driving future investment opportunities. In making specific investment decisions, MKG applies a combination of three alternative investment styles: fundamental value, contrarian and special situation. By embracing all three styles, MKG’s Investment Team has the flexibility to utilize the approach it deems most appropriate.

In evaluating companies, MKG uses a variety of sources for information including, but not limited to, company contacts and public reports, research materials and data provided by third-party vendors and investment firms, financial newspapers and magazines, corporate rating services and SEC filings. Companies are further evaluated using quantitative and qualitative analysis focusing on growth in earning, cash flow and other financial data. The CIO purchases positions in companies based on their current price relative to the future perceived value of each company over the next 12 - 18 months.

Investment Risk

The investment strategies utilized by MKG carry varying degrees of risk. All securities include a risk of loss of principal and any profits that have not been realized. The stock and bond markets can fluctuate

substantially over time and performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets managed by MKG on a client's behalf, and such a loss may be out of MKG's control. MKG cannot guarantee any level of performance and cannot guarantee that a client will not experience a loss of account assets.

MKG's investment philosophy can be affected by the following specific risks:

- Geopolitical risk - The risk that an investment's returns could suffer as a result of political changes or instability in a country, region or the world. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control. This risk becomes more of a factor as the time horizon of an investment gets longer.
- Sector risk – Investing in a specific sector of the market can be riskier and more difficult than trying to invest in all of the broad sectors of the economy. A sector may be more vulnerable to the economic cycles that can affect a specific industry within the sector, such as banking or mortgages.
- Non-diversification or concentration risk – by concentrating on small- to mid-cap companies, there is a risk that MKG's investments will not benefit from investments in larger or international companies. This risk is magnified in a portfolio when the weighting in a single stock is more or less than other stocks in the portfolio.
- Volatility risk – also known as Market Risk, the the day-to-day fluctuations in a stock's price. Stocks with small capitalization are typically more volatile because relatively small transactions can have a greater effect on the stock price as opposed to companies with large capitalization.

The most critical and important aspect in managing client's accounts is having a disciplined sell strategy. MKG makes judgments based on the valuation of each company, not on market comparable valuations of each stock or on short-term aberrations in the market. As a result, the CIO may reduce an investment position as it becomes fully valued based on MKG's expectations. The CIO may also reduce a position based on other reasons deemed appropriate by the investment team.

Private Fund Investment Risk

Occasionally, a client may decide to invest in a private investment vehicle (e.g., a real estate fund). Such private placements are generally not registered with the SEC and are limited to accredited investors, because such investments generally are illiquid and involve significant risks, including the risk of losing the client's entire investment. MKG does not undertake due diligence or make recommendations to its clients with respect to such investments. MKG does not recommend that clients make such investments, nor does MKG provide ongoing advice as to whether the client should retain or withdraw from any such private investment the client has decided to make. If a client instructs MKG to make such an investment, it is anticipated that it will be included in an MKG Capital Advisors Client account.

Limitation of Liability

MKG will use its best judgment and good faith efforts in rendering services to its clients. MKG cannot and does not warrant or guarantee any particular level of account performance, or that accounts will be profitable over time. Not every investment decision or recommendation made by MKG will be profitable. Clients assume all market risks involved in the investment of assets and understand that investment decisions made for their accounts are subject to various market, currency, economic, political and business risks.

MKG's Investment Advisory/Brokerage Agreement ("Agreement") that MKG enters into with its clients states that MKG is not liable to the client for: (a) any loss that the client may suffer by reason of any investment decision made or other action taken or omitted by MKG, except in the case of MKG's gross negligence, intentional misconduct or bad faith; (b) any loss arising from MKG's adherence to the client's instructions; or (c) any act or failure to act by any custodian or broker. Clients are urged to read the Agreement carefully.

The Agreement also state that disputes are subject to arbitration in Portland, Oregon. However, nothing in the Agreement (including the limitation-of-liability and arbitration provisions) constitutes a waiver by the client of any legal right under applicable federal or state securities laws or any other law whose applicability is not permitted to be contractually waived. If any dispute arises under an Agreement, it may be in the client's best interest to seek legal counsel's advice with respect to the client's nonwaivable rights under the Agreement. In the event of any discrepancy or conflict between the information contained in this Brochure and a client's Agreement with MKG, the Agreement will control.

Item 9 – Disciplinary Information

On February 7, 2006, the Hawaii Department of Commerce and Consumer Affairs filed a Consent to Entry of Order (SEU 2006-027) in which the State alleged that MKG transacted business in the state as a Dealer without proper registration. MKG consented to an administrative penalty of \$2,500 in order to resolve and settle the matter.

Item 10 – Other Financial Industry Activities and Affiliations

In addition to being a registered investment adviser, MKG is a registered broker-dealer and a member of FINRA, MSRB and SIPC. MKG provides brokerage services to Discretionary Brokerage Clients and Regular Brokerage Clients. MKG generally recommends that MKG Capital Advisors Clients use MKG as the broker for transactions in their accounts. However, each MKG Capital Advisors Client decides which brokerage firm to use, subject to the reasonable approval of MKG (such as, MKG being able to develop a satisfactory working relationship with the brokerage firm the client wishes to use).

As a broker-dealer, MKG has persons associated with it that are engaged in the securities business of MKG - including the owner, officers, managers, supervisors, and salespersons - who are registered with FINRA and various state regulatory authorities. As a result, these employees are subject to additional rules and regulations associated with their registration.

MKG has a contractual relationship with and affects the majority of its brokerage transactions through Pershing LLC ("Pershing"), a registered broker-dealer and affiliate of Bank of New York Mellon and a member of FINRA, NYSE, MSRB, and SIPC. Pershing also acts as custodian for advisory accounts whose orders are affected through Pershing LLC.

Item 11 – Code of Ethics, Participation/Interest in Client Transactions, Personal Trading

MKG has established a variety of restrictions, procedures and disclosures designed to address conflicts of interest arising between and among client accounts as well as between client accounts and MKG and its personnel. Firm personnel must act in accordance with the fiduciary standard.

Code of Ethics

MKG has a fiduciary duty to its clients, and accordingly has adopted a Code of Ethics (the "Code") that applies to all employees of MKG (including its division, MKG Capital Advisors). The Code is designed

to establish and maintain the highest standard of conduct for MKG's directors, officers and employees (the "Supervised Persons"). The Code is administered and enforced by MKG's Chief Compliance Officer (the "Compliance Officer"). The Code requires each Supervised Person to: (a) act as a fiduciary to MKG's clients and avoid even the appearance of impropriety; (b) comply with all applicable federal and state securities laws; (c) comply with both the provisions of the Code and its spirit and intent; and (d) report to the Compliance Officer any conduct that constitutes or may constitute a violation of the Code.

Participation/Interest in Client Transactions – Personal Trading

MKG allows MKG's employees to invest in securities that MKG also recommends to clients. To prevent any conflict of interest, MKG encourages all employees desiring to trade securities for their own or related accounts to open and maintain accounts with MKG. Employees may own positions in securities held by clients of MKG only if their trades are included in aggregated orders with client orders and if all employees and clients participating in the aggregated trade receive the same average price for the transaction. Employees with outside brokers must instruct their brokers to send copies of confirmations of all securities transactions and copies of periodic statements for their account directly to the Compliance Officer. Employees must disclose any personal interest they have in a security prior to making a recommendation or affecting any client transaction in such security. Each employee must also submit to the Compliance Officer certain securities ownership and transaction reports, which are reviewed by the Compliance Officer at least quarterly. The Compliance Officer will promptly review and investigate any violations of the Code and will report to MKG's Board of Directors the corrective action taken and any recommendation for disciplinary action. The Board of Directors may impose sanctions such as a letter of censure or termination of employment or, if warranted, a referral to regulatory authorities or law enforcement.

These requirements of the Code apply to all accounts over which employees have investment discretion, or in which they have a direct or indirect beneficial ownership interest. The Code does not limit any securities trades by Access or Advisory Persons: (a) in securities not eligible for purchase or sale by any client; (b) in obligations issued by the U.S. Government; (c) in money market instruments and shares of open end mutual funds; (d) made in accounts, over which the Access or Advisory Person has no influence or investment control, or under an automatic reinvestment plan; or (e) effected on the exercise of rights acquired from an issuer by all holders of the same class of securities.

MKG does not engage in principal transactions with its clients.

Insider Trading/Material Non-Public Information

The Code includes policies and procedures that prohibit the use of material non-public information that are designed to prevent an officer or employee of MKG from engaging in insider trading. In accordance with these policies, MKG may maintain a "restricted list" that identifies any securities that cannot be purchased for employee, client, or firm-owned accounts because material, non-public information may have been received by an employee of MKG. MKG's trading desk refers to this list when trading to ensure MKG does not trade in these securities without the consent of MKG's Chief Compliance Officer.

Distribution of Code

MKG is fully committed to making Firm employees and clients (both current and prospective) aware of the requirements within its Code. Each employee is provided with a copy of the Code when hired and annually thereafter. Each employee must affirm to the fact that they have received a copy of the Code, and that they have read, understand and complied with its provisions. Additionally, the subject of the Code is included in annual compliance meetings and is included in MKG's Compliance Manual. A copy of the Code is available to clients or prospective clients upon request and may be obtained from MKG's website (www.MKGFinancial.com) or by contacting:

MKG Financial Group, Inc.
Attention: Compliance Department - Code of Ethics Request
1500 SW First Avenue, Suite 1000
Portland, OR 97201
(503) 226-6700
(800) 760-4933
Email: Info@MKGFinancial.com

Item 12 – Brokerage Practices

Generally, clients retain MKG on a discretionary basis and authorize MKG to execute portfolio transactions within a client’s portfolio pursuant to specified investment objectives. MKG has a fiduciary duty to seek best execution and to ensure trades are allocated fairly and equitably among clients over time.

Brokerage Relationships

As discussed in Item 5 of this Brochure, MKG always serves as the broker for Discretionary and Regular Brokerage Clients. In addition, MKG Capital Advisors will generally recommend to MKG Capital Advisors Clients that they use MKG for their brokerage services. Commission rates paid to MKG may be higher than the lowest commission rate available. Therefore, each MKG Capital Advisors Client may select its own brokerage firm, subject to the reasonable approval of MKG such as, MKG being able to develop a satisfactory working relationship with the brokerage firm the client wishes to use.

When recommending that MKG act as broker to an MKG Capital Advisors Client, MKG takes into account various factors, including without limitation: (a) MKG's ability to aggregate trades for all its clients, so all transactions in the same security are purchased or sold at the same average price for the security, subject to different transaction costs (as discussed below); (b) the services MKG receives from its clearing broker; (c) the capabilities of MKG's clearing broker to effect transactions, particularly with regard to such aspects as timing, order size and execution of orders; (d) the clearing broker's facilities, reliability and financial responsibility; (e) the transaction costs to the client; and (f) any other factors MKG considers relevant.

Best Execution – Selection Factors for Broker/Dealers

Generally, MKG executes its transactions through Pershing, MKG’s clearing broker. Pershing, a subsidiary of The Bank of New York Mellon Corporation, provides MKG with execution capabilities on more than 60 markets, through local relationships, and has extensive market knowledge and an agency-only approach that puts the interests of MKG’s clients first.

MKG and Pershing have a duty to clients to seek best execution and MKG has implemented the following steps to monitor execution quality. Pershing’s Customer Execution Quality (“CEQ”) team monitors execution quality through a regular and rigorous review of the execution it receives from the venues where it routes equity orders. To provide objectivity, the CEQ team submits all system-routed equity orders and executions to one of two external, unaffiliated, third-party execution quality auditing firms on a daily basis. These firms compare the reported executions and unexecuted orders to the National Best Bids and Offers at the time of order entry and identify a subset of items that require CEQ’s review.

The CEQ team prepares a condensed version of its analysis and provides an Execution Quality Scorecard to MKG’s Chief Compliance Officer who reviews the information on a monthly basis. In addition, the Chief Investment Officer monitors the execution of MKG’s individual transactions with Pershing as they occur, on a live electronic feed from Thompson Reuters, one of the world’s leading sources of informa-

tion, to ensure the execution is within the general price level of similar trades executed by the brokerage community.

Under certain circumstances, MKG may choose to use a broker other than Pershing if MKG decides a particular transaction could be affected better by another broker. However, Pershing (like most clearing brokers) charges a minimum fee for each transaction, which applies whether or not Pershing affects the transaction. These costs are a factor in MKG's best execution analysis. MKG does not anticipate that it will execute transactions away from Pershing very often, if ever, because these costs typically outweigh the considerations listed below.

If MKG decides to execute a transaction through a broker other than Pershing, MKG would take into account such relevant factors as: (a) whether the particular security is readily available through its clearing broker; (b) the other broker's facilities, reliability and financial responsibility; (c) the ability of the other broker to effect the particular transaction, particularly with regard to such aspects as timing, order size and execution of orders; (d) and any research and related brokerage services provided by such broker to MKG (as of the date of this Brochure, MKG does not receive any research in connection with any trades executed on behalf of its clients).

Directed Brokerage

In certain cases, clients have directed MKG to use specified broker/dealers ("directed broker") for portfolio transactions for their respective accounts. In such a case, MKG is not obligated, and will generally not, solicit competitive bids for each transaction, or seek the lowest commission rates for the client, as the commission rates have typically been pre-negotiated between the client and the directed broker. Since MKG has not negotiated the commission rate and may not be able to obtain volume discounts, the commission rate charged by the directed broker may be higher or lower than what MKG could receive from another broker/dealer. In addition, the client may be unable to obtain the most favorable price on transactions executed by MKG as a result of MKG's inability to aggregate/bunch the trades from this account with other client trades (see Trade Aggregation below). Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an initial public offering). In some situations, MKG may not execute a client's securities transactions with its directed broker until non-directed brokerage orders are completed. Accordingly, clients who direct transactions to directed brokers may not generate returns equal to clients that do not direct commissions. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker/dealers at lower costs and possibly with more favorable execution. MKG reserves the right to reject or limit client requests for directed brokerage, and clients may be charged a premium for such arrangements.

Step-Out Transactions

MKG may use "step-out trades" when it determines that it may facilitate better execution for certain client trades. Step-out trades are transactions which are placed at one broker/dealer and then "given up" or "stepped out" by that broker/dealer to another broker/dealer for credit. Step-out trades may benefit the client by finding a natural buyer or seller of a particular security so that MKG can trade a larger block of shares more efficiently. Unless directed otherwise by the client, MKG may use step-out trades for any client account.

MKG may use step-out trades to accommodate a client's directed brokerage mandate. In the case of directed brokerage accounts, trades are executed through Pershing and then "stepped-out" to the directed brokerage firm for credit. In circumstances where MKG has followed the client's instructions to direct brokerage, there can be no assurance that MKG will be able to step-out the trades, or, if it is able to step-out the trades, that it will be able to obtain more favorable execution than if it had not stepped-out the trades.

Wrap Fee Programs

MKG may manage certain client accounts that are part of a “wrap fee program” through which a “sponsor” offers MKG’s services as an investment option. Wrap fee programs involve individually-managed accounts for individual or institutional clients that are offered as part of a larger program offered by a “sponsor,” usually a brokerage or banking firm, and managed by one or more investment advisers. Generally, MKG’s management of wrap fee accounts and other accounts under the same investment strategy is consistent. When trading for wrap fee accounts, MKG may trade with varying broker/dealers even though trading in the same security pursuant to the same strategy. Trades for wrap fee accounts are typically stepped out or directed to the wrap fee program sponsor (or its designated broker/dealer), since brokerage commissions are included in the wrap fee.

Trade Aggregation

When two or more client accounts are simultaneously engaged in the purchase or sale of the same security, MKG may, but is not obligated to, combine and aggregate the transactions to form a “block trade.” In such cases, these accounts will receive the average price of the transactions in that security for the day. Trades in the same security for different accounts will be accumulated for a reasonable period of time to allow for aggregation, unless a particular account’s interest would be unduly prejudiced. MKG may, but is not required to, aggregate orders into block trades where MKG believes it to be appropriate, in the best interests of the client accounts, and consistent with applicable legal requirements. Transactions executed in a block will typically be allocated to participating client accounts before the close of the business day.

Since more than one account’s orders are included in a block trade, MKG has adopted a policy of using a “pro rata allocation” to allocate the trade among each account whose order makes up part of the block. Under a pro rata allocation, as securities are being purchased or sold, the securities are allocated to (or away from, in the case of a sale) accounts in the proportion by which each account’s order size (as determined by the portfolio manager at the time of order entry) makes up a percentage of the entire block. In cases where MKG is unable to complete a block trade the same day (i.e., purchase or sell all securities within the block), those securities that have been purchased or sold by the end of the day will generally be allocated to accounts pursuant to MKG’s pro rata allocation methodology.

MKG believes that, in most instances, a pro rata allocation of block trades will assure fairness. However, MKG also recognizes that no rigid formula will necessarily lead to a fair and reasonable result, and that a degree of flexibility to adjust the formula to accommodate specific circumstances is necessary when determining how to allocate block trades. Therefore, under certain circumstances, allocation of block trades on a basis other than strictly pro rata may occur if MKG believes that such allocation is fair and reasonable. Exceptions to the pro rata allocation of partially filled orders may occur for several reasons, including, but not limited to, avoidance of odd lots or de minimis numbers of shares and sensitivity toward the total transaction cost to be incurred by the client. Since partially filled orders are still exposed to market variations, the size of the position or the price paid or received by a client may be adversely affected as compared to the execution that could have been completed had no aggregation occurred.

MKG will allocate all securities purchased or sold through a block trade, and any non-commission related expenses incurred in the transaction, on a fair and equitable basis over time, to the extent practicable, without favoring any account or type of account or client (including any proprietary or affiliated account). The commissions charged on aggregated transactions are not aggregated or averaged. Each client pays a commission based on the commission schedule applicable to that client's transaction and the category of client (see Item 5).

Item 13 – Review of Accounts

The Chief Investment Officer (“CIO”) is responsible for overseeing all investment advisory activities on a regular basis. The CIO and the Director of Research and Portfolio Management (the “Investment Team”) review each client’s portfolio structure on a monthly basis for portfolio strategy and asset allocation purposes. Factors reviewed include the weighting of securities in client accounts, and security specific issues such as changes in fundamentals of the companies owned or being considered for ownership by clients, as well as the prices of such securities and significant economic or industry developments.

Additionally, the Investment Team reviews individual holdings within client accounts on a regular basis and discusses the securities that MKG is monitoring for potential purchase or sale. The Investment Team will consider, but not limit itself to, the following factors that can trigger a review of a client’s account or stock: valuation levels warrant a sell or increase in a position, client initiated change in investment objectives, client requests to increase or decrease the assets in their account, material company news items or announcements, and political or geopolitical issues involving the company or where it does business. Periodically, MKG’s Investment Team reviews all securities to ensure that each holding is appropriate for MKG’s clients based on MKG’s investment strategies.

Account Reconciliations

MKG also performs daily reconciliations of its records of the securities and cash within its clients’ accounts against the records of the custodians who actually hold the securities and cash. To the extent any discrepancies are identified, MKG operations personnel will work with both internal personnel and the custodian to resolve any such discrepancies. As the custodian for the assets in the account, the statements and records of the custodian are the official books and records for the account.

Client Reporting

Clients generally receive monthly account statements from their independent qualified custodians, unless they request these reports more frequently. The reports typically include:

1. Listing of individual holdings, including number of shares and current market value;
2. Historical statement of changes describing clients’ original capital and additions of capital, together with income earned and a combination of realized and unrealized appreciation or depreciation; and
3. Purchase and sale transactions occurring during the month.

Clients that have selected to use Pershing as their custodian also have the ability to view their account information (i.e., positions, activity, cash balances) on a daily basis through Pershing’s secure web site.

In addition, MKG sends each client a report quarterly (i.e., clients can request to receive these reports monthly) that normally include number of shares, cost basis, market value, actual performance against benchmarks, comments on markets and strategy, and any suggested changes in performance objectives. These reports are supplemented by trade confirmations and the other reports provided to clients from their respective custodians as described above.

Item 14 – Client Referrals and Other Compensation

MKG does not compensate any party for referrals of business.

Compensation from Third Parties

MKG does not provide investment advice or other advisory services to any party who is not a client of MKG. MKG may receive compensation from a third party for the sale of mutual funds or other collective

investments. See the discussion in Item 5. above that provides more information on the potential conflicts of interest this practice may cause.

Item 15 – Custody

MKG does not act as a custodian for any client account or assets. Rather, MKG recommends that clients maintain custody of their assets with Pershing, MKG's clearing broker-dealer. Clients are allowed to make their own arrangements for custody of securities in their accounts. On a quarterly basis, MKG sends its clients detailed computer reports of account holdings, asset values, and the performance of the account. Pershing (or other custodians) sends clients monthly statements showing all the activity in the client's account during the month, including any additions or withdrawals, and specifying the assets held in their accounts on the date of the statements. Clients are urged to compare the reports they receive from MKG with the account statements they receive from Pershing (or their custodian). Firm statements may vary from custodial statements based on accounting procedures, reporting dates, and/or valuation methodologies of certain securities. Any discrepancies identified by a client should be immediately reported to MKG and Pershing (or the client's qualified custodian). Such questions, concerns, or discrepancies may be communicated to MKG in writing, e-mailing, or telephone to us at the following:

MKG Financial Group, Inc.
Attention: Operations - Statement Reconciliation
1500 SW First Avenue, Suite 1000
Portland, OR 97201
(503) 226-6700
(800) 760-4933
Email: Info@MKGFinancial.com

Item 16 – Investment Discretion

A client will indicate the discretionary authority given to MKG in the Investment Advisory/Brokerage Agreement and will formally grant MKG discretionary authority by executing a Limited Trading Authorization form.

MKG and MKG Capital Advisors have discretionary authority to make investment decisions on behalf of Discretionary Brokerage and MKG Capital Advisors Clients, consistent with the clients' objectives and suitability, without the clients' prior approval of specific transactions. MKG's discretionary authority is subject to reasonable limitations imposed by clients (e.g., a request to invest or not to invest in a particular security or industry). MKG's discretionary authority is limited to buy, sell, and trade in stocks, bonds options and any other securities for such clients, determining the amount of securities to be added to or removed from client portfolios, and affecting such securities transactions. It is anticipated that MKG will affect all transactions for such clients as their broker although it is theoretically possible that a particular trade might be affected for Discretionary Brokerage Clients through a broker other than MKG.

MKG Capital Advisors also generally has the authority to select, retain and terminate sub-advisors and outside investment managers, and act on behalf of the MKG Capital Advisors Clients in all matters concerning their managed accounts.

In theory, an MKG Capital Advisors Client could retain MKG Capital Advisors on a nondiscretionary basis. In such case, MKG Capital Advisors would need to obtain the consent of the client prior to effecting each transaction in such account. However, as of the date of this Brochure, no MKG Capital Advisors Client has retained MKG Capital Advisors on a nondiscretionary basis.

Item 17 – Voting Client Securities

Since client accounts may hold stocks or other securities with voting rights, clients often have the right to cast votes at the corporate issuers' shareholder meetings. However, since shareholders often do not attend shareholder meetings, they have the right to cast their votes by "proxy." In such cases, MKG's clients will either retain proxy voting authority or delegate it to MKG. If a particular client decides not to delegate such authority to MKG, MKG will not vote such client's proxies, and the client will retain the voting authority for its account. In such a case, the client will receive proxy solicitations from their custodian.

Clients delegate proxy voting authority to MKG when executing the Investment Advisory/Brokerage Agreement with MKG. As an investment adviser and fiduciary of client assets, MKG has implemented proxy voting policies and procedures intended to protect the value of shareholder investments. The Proxy Voting Policy is designed to reasonably ensure that MKG votes proxies in the best interest of clients. In voting proxies, MKG seeks to both maximize the long-term value of client assets and to cast votes that MKG believes to be fair and in the best interest of the affected client(s).

MKG (a) collects proxies from the clients' custodians; (b) determines the issues to be voted on; (c) identifies and resolves any conflicts of interest; (d) makes voting decisions; and (e) timely submits proxies. MKG will resolve any conflict of interest between MKG and a client by obtaining the client's written consent, by obtaining a voting recommendation from an independent third party, or by voting in accordance with MKG's pre-determined voting guidelines.

MKG has established voting guidelines, under which it generally votes with a company's management on "routine" issues, such as uncontested elections of directors. With respect to non-routine issues, MKG generally votes in favor of proposals promoting director independence and employee participation (e.g., for proposals establishing stock incentive plans and against proposals inhibiting such plans). Careful consideration is given to other non-routine matters on a case-by-case basis, including proposed mergers and recapitalizations. MKG may disregard its voting guidelines in situations where it believes a client's best interest would be served by voting otherwise.

Clients may request a copy of MKG's Proxy Policy or information regarding a particular proxy solicitation by contacting us at:

MKG Financial Group, Inc.
Attention: Operations - Proxy Voting
1500 SW First Avenue, Suite 1000
Portland, OR 97201
(503) 226-6700
(800) 760-4933
Email: Info@MKGFinancial.com

Item 18 – Financial Information

MKG does not require or solicit prepayment of more than \$1,200 per client, six months or more in advance.

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Group, Inc.**

*An Investment Firm
Member FINRA, SIPC*